

Message Text

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44

ACTION ARA-10

INFO OCT-01 ISO-00 SSO-00 NSCE-00 USIE-00 INRE-00 AGR-05

CEA-01 CIAE-00 COME-00 DODE-00 EB-07 FRB-01 H-01

INR-07 INT-05 L-02 LAB-04 NSAE-00 NSC-05 PA-01 RSC-01

AID-05 CIEP-01 SS-15 STR-01 TAR-01 TRSE-00 PRS-01

SP-02 OMB-01 FEA-01 NEA-09 /088 W

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O 181630Z JAN 75

FM AMEMBASSY MANAGUA

TO SECSTATE WASHDC IMMEDIATE NIACT 6041

INFO AMEMBASSY GUATEMALA IMMEDIATE NIACT

AMEMBASSY SAN JOSE IMMEDIATE NIACT

AMEMBASSY SAN SALVADOR IMMEDIATE NIACT

AMEMBASSY TEGUCIGALPA IMMEDIATE NIACT

USCINCSO

C O N F I D E N T I A L MANAGUA 0264

E. O. 11652: GDS

TAGS: PFOR, NU

SUBJECT: MEETING OF CENTRAL AMERICAN PRESIDENTS

REF: TEGUCIGALPA 0239

1. GON PRESIDENT SOMOZA TELEPHONED ME LATE EVENING OF JANUARY 17 AND ASKED THAT I MEET WITH HIM AT HIS RESIDENCE TO DISCUSS NEW U.S. TRADE BILL. DURING MEETING SOMOZA ADVISED THAT HE WAS ATTENDING A MEETING ON SATURDAY, JANUARY 18 IN PUERTA BARRIOS, GUATEMALA OF FOUR CA PRESIDENTS (EL SALVADOR, HONDURAS, GUATEMALA AND NICARAGUA).

2. SOMOZA SAID THE MEETING HAD BEEN CALLED BY GUATEMALAN PRESIDENT LAGERUD FOR THE PURPOSE OF ARRIVING AT A SUITABLE RESPONSE TO THE LETTER WHICH HAD BEEN RECEIVED BY ALL OF THE COUNTRIES INVOLVED FROM VENEZUELAN PRESIDENT PEREZ.

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EMBASSY ASSUMES THAT DEPARTMENT HAS A COPY OF THE PEREZ

LETTER BUT IN SUBSTANCE IT TAKES ISSUE WITH THE NEW U.S. TRADE BILL AND ITS EFFICACY FOR LATIN AMERICA AND ALLEGED TAX "DISCRIMINATORY" ASPECTS OF TRADE ACT. I HAD PREVIOUSLY MADE AVAILABLE TO PRESIDENT SOMOZA, AT HIS REQUEST, A COPY OF THE TRADE ACT OF 1974 ALONG WITH THE EXPLANATION OF THIS BILL GIVEN TO LATIN AMERICAN AMBASSADORS BY DEPARTMENT OFFICIALS. SOMOZA SAID THAT HE HAD STUDIED THE BILL AND FELT THAT IT HAD A NUMBER OF ADVANTAGEOUS FEATURES FOR NICARAGUA, AND AFTER ASKING FOR VARIOUS CLARIFICATIONS, INDICATED THAT HE FELT THAT OVERALL THE BILL MOVED IN THE RIGHT DIRECTION.

3. SOMOZA SAID HE FELT THAT IT WAS UNFORTUNATE THAT VENEZUELA AND ECUADOR, WHO ARE MEMBERS OF OPEC, ARE SINGLED OUT IN VIEW OF FACT THAT UNLIKE MANY MEMBERS OF OPEC IN THE MIDDLE EAST, VENEZUELA AND ECUADOR HAD CONTINUED TO SUPPLY OIL TO THE U.S. DURING THE EMBARGO PERIOD DESPITE FACT THAT PRICES HAD BEEN RAISED TO UNREASONABLE DEGREE. SOMOZA SURMISED THAT ECUADOR MIGHT WELL BE CONCERNED OVER POTENTIAL DANGER OF A DISCRIMINATORY TAX ON THEIR BANANA CROP AND HE FELT THAT ASSURANCES ALONG THESE LINES TO ECUADOR MIGHT VERY WELL DE-ESCALATE ECUADORAN OBJECTIONS. SOMOZA FURTHER SAID THAT IT WAS FACT WHICH HAD TO BE FACED THAT CA COUNTRIES WITHOUT ANY ASSURANCES OF CRUDE OIL SUPPLIES EXCEPT FROM VENEZUELA, WERE "CONSIDERABLY NERVOUS" ABOUT OFFENDING VENEZUELA AT THIS TIME. HE INDICATED, HOWEVER, THAT HE FELT VENEZUELAN PRESIDENT PEREZ REKKTION TO THE TRADE ACT WASENTIRELY TOO EMOTIONAL AND THAT THEIR THREAT NOT TO ALLOW THEIR FOREIGN MINISTER TO ATTEND BUENOS AIRES CONFERENCE OF FOREIGN MINISTERS WAS UNREASONABLE. AFTER SEVERAL HOURS OF DISCUSSION, SOMOZA SAID THAT HE WOULD DO HIS BEST TO HAVE HIS CENTRAL AMERICAN COLLEAGUES (EXCEPT COSTA RICA WHO HAS ALREADY SIDED WITH VENEZUELA) RESPOND IN A WAY WHICH WOULD BE CONSTRUCTIVE AND THAT HE WOULD MAKE CLEAR THAT NICARAGUA INTENDS TO ATTEND THE FOREIGN MINISTERS MEETING AT BUENOS AIRES.
SHELTON

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE LAW, CHIEFS OF STATE MEETINGS, DIPLOMATIC DISCUSSIONS, DIPLOMATIC COMMUNICATIONS, FOREIGN POLICY POSITION
Control Number: n/a
Copy: SINGLE
Draft Date: 18 JAN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975MANAGU00264
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750020-0642
From: MANAGUA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750140/aaaabiyw.tel
Line Count: 97
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 TEGUCIGALPA 0239
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 03 SEP 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <03 SEP 2003 by CunninFX>; APPROVED <17 DEC 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MEETING OF CENTRAL AMERICAN PRESIDENTS
TAGS: PFOR, NU, XK, VE, EC, (SOMOZA), (LAGERUD), (PEREZ)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006